

**UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

Judge Beckwith  
Magistrate Judge Hogan

vs.

Case No. C-1-01-486

CINCINNATI REDS, a limited partnership,

Defendant.

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**JOINT STATUS REPORT**

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Plaintiff United States of America and defendant Cincinnati Reds, by their undersigned attorneys, make this joint status report pursuant to this Court's Order dated November 26, 2001.

The parties described the status of settlement negotiations in their Joint Motion to Stay Proceedings Pending Settlement, filed November 20, 2001, and in their monthly Joint Status Reports thereafter. The contemplated settlement would resolve this case and numerous cases in other venues (all of which are effectively stayed) and many administrative claims that are either pending before the Internal Revenue Service or that are likely to be filed with the IRS in the future.

Discussions between negotiators for all Major League Baseball Clubs, the United States Department of Justice and the Internal Revenue Service have resulted in a draft settlement offer that contains more than 20 pages of single-spaced text, with a 12-page appendix and several hundred pages of attachments.

As described in the previous Joint Status Report, there have been significant discussions between negotiators for the Clubs and the Government in recent months. The negotiators continue to exchange and review drafts, most recently an exchange of language and comments on June 24, 2004, that reflected the negotiators' continuing discussion. Further discussions continue.

The parties continue to work cooperatively, and negotiators for the Clubs hope a final draft will be agreed upon by the negotiators in the very near future and be submitted as a formal offer by the Clubs to the Government.. The magnitude of the settlement, the number of issues that must be resolved in the settlement agreement and the Government's protocol for reviewing settlement offers in large tax cases explain why more time is needed to finish the task.

The parties continue to believe that proceeding with this litigation would not be a judicious use of the Court's or the parties' resources. They therefore jointly ask the Court to make no change in the November 26, 2001 Order staying proceedings.

Dated: July 8, 2004

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**TAFT, STETTINIUS & HOLLISTER LLP**

**UNITED STATES OF AMERICA**

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 8th day of July, 2004, I caused a copy of the foregoing document to be sent to Alejandro L. Bertoldo, Trial Attorney, Tax Division, U.S. Department of Justice, P.O. Box 55, Ben Franklin Station, Washington, D.C. 20044 by electronic mail.

/s/ R. Joseph Parker

R. Joseph Parker